

# **FISCAL NOTE**

## **SB 580 - HB 1573**

February 27, 2001

### **SUMMARY OF BILL:**

1. Defines *limited credit life and credit accident and health reinsurer*.
2. Provides that the bill applies only to Tennessee domiciled limited credit life and credit accident health reinsurers that:
  - are authorized by the Commissioner of Commerce and Insurance to write business in Tennessee and are not authorized to do so in any other state.
  - secure all reinsurance reserve liabilities in a statutorily authorized trust fund at 110% of the amount of the liabilities assumed.
3. Requires reinsurers complying with these requirements to demonstrate compliance with this bill in their annual financial statement to maintain qualifying status and are therefore exempted from certain filings.
4. Provides that the Department of Commerce and Insurance would not be required to examine reinsurers complying with this bill every 5 years, as is currently required. The department would maintain the ability to examine such reinsurers when deemed prudent.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Not Significant**  
**Decrease State Expenditures - Not Significant**

The Department of Commerce and Insurance conducts examinations of such reinsurer companies. The costs of such examinations of insurance companies are paid by the entities being examined. Estimate assumes there would be a not significant reduction in state revenues and expenditures due to any reduced frequency of such examinations.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director